

## REMARKS

The last Office Action of January 7, 2008 has been carefully considered. Reconsideration of the instant application in view of the foregoing amendments and the following remarks is respectfully requested.

Claims 1-8 are pending in the application. Claims 3, 4, 6 have been amended. Claims 1-2, 7-8 have been canceled. No claim has been added. A total of 4 claims is now on file. No amendment to the specification has been made. No fee is due.

It is noted that claim 8 is rejected under 35 U.S.C. §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention, and under 35 U.S.C. §101. The rejections of claim 8 become moot as a result of the cancellation of claim 8.

Claims 1-8 stand rejected under 35 U.S.C. §102(b) as being anticipated by U.S. Pat. No. 5,954,342 to Mikhalev et al.

In general, applicant wishes to note that the Examiner's rejection allows applicant only to speculate as to the portions of the reference relied upon because the Office Action merely repeats *verbatim* the content of the claims and merely states in general that Mikhalev et al. discloses the claim limitations, without indicating to applicant which specific portions (page and line or figure) of the reference the Examiner refers to base the rejection on.

Applicant has canceled the independent claim 1 and amended the other independent claim 4 to clearly set forth the features of the present invention so as to distinguish claim 4 from the Mikhalev et al. reference. More specifically, claim 4 now sets forth the alignment of ferrofluid liquid between the sensor shaft and a confronting end of the flux guide element. In other words, the ferrofluid liquid is located directly on the sensor shaft.

Claims 2 and 7 have now been canceled. Claims 3 and 6 have been amended to make them consistent with the changes to claim 4 and cancellation of claim 1.

The Mikhalev et al. reference discloses a magnetic fluid seal which includes a magnetic shaft sleeve 18 attached to the shaft 20 being sealed and defining a radial gap 22 which is spaced at a distance to the shaft and filled with magnetic fluid (col. 5, lines 5-12). Thus, Mikhalev et al. fails to disclose the direct contact of the magnetic fluid with the shaft, as set forth in claim 4.

For the reasons set forth above, it is applicant's contention that Mikhalev et al. neither teach nor suggest the features of the present invention, as recited in claim 4.

As for the rejection of the retained dependent claims, these claims depend on claim 4, share its presumably allowable features, and therefore it is respectfully submitted that these claims should also be allowed.

It should, however, be noted that claim 6 is further considered allowable on its own merits as it recites other features of the invention neither taught nor suggested by the applied prior art. Claim 6 recites the generation of a magnetic field that extends through the sensor shaft. Reference is made, for example, to paragraph [0010] of the instant specification. In contrast thereto, the magnetic flux path in Mikhalev et al. extends through the magnetic shaft sleeve 18 (cf. col. 5, lines 12-15).

In view of the above presented remarks and amendments, it is respectfully submitted that all claims on file should be considered patentably differentiated over the art and should be allowed.

Reconsideration and allowance of the present application are respectfully requested.

Should the Examiner consider necessary or desirable any formal changes anywhere in the specification, claims and/or drawing, then it is respectfully requested that such changes be made by Examiner's Amendment, if the Examiner feels this would facilitate passage of the case to issuance. If the Examiner feels that it might be helpful in advancing this case by calling the undersigned, applicant

would greatly appreciate such a telephone interview.

Respectfully submitted,

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